

Medley Capital Corporation Closes Initial Public Offering

NEW YORK, NY — January 25, 2011 — Medley Capital Corporation (the “Company”) (NYSE: MCC) announced today the closing of its initial public offering of 11,111,112 shares of its common stock at a public offering price of \$12.00 per share. The Company raised approximately \$124.6 million in net proceeds after deducting underwriting discounts and commissions and estimated offering expenses.

The Company intends to use the net proceeds from the offering to provide debt financing to portfolio companies in accordance with its investment objective and for general corporate purposes.

Goldman, Sachs & Co., Citi and UBS Securities LLC acted as joint book-running managers. Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC acted as joint-lead managers. BB&T Capital Markets, a division of Scott & Stringfellow, LLC, Janney Montgomery Scott LLC, JMP Securities LLC and Gilford Securities Incorporated acted as co-managers.

This press release does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of, the shares referred to in this press release in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state or jurisdiction. A registration statement relating to these securities was filed and has been declared effective by the Securities and Exchange Commission.

This offering is being made solely by means of a written prospectus forming part of the effective registration statement, which may be obtained from the Prospectus Departments of any of the following investment banks: *Goldman, Sachs & Co., Attn: Prospectus Department, 200 West Street, New York, NY 10282; Citi, Brooklyn Army Terminal, 140 58th Street, Brooklyn, NY 11220; or UBS Securities LLC, Attn: Prospectus Department, 299 Park Avenue, New York, NY 10171; or by calling Goldman, Sachs & Co. at (866) 471-2526, sending a request via facsimile at (212) 902-9316, or by emailing prospectus-ny@ny.email.gs.com; calling Citi at (877) 858-5407; or calling UBS Securities LLC at (888) 827-7275 ext. 3884.* Investors are advised to carefully consider the investment objective, risks and charges and expenses of the Company before investing.

ABOUT MEDLEY CAPITAL CORPORATION

The Company is a newly-organized, externally-managed, non-diversified closed-end management investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940, as amended. In addition, for tax purposes the Company intends to elect to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. The Company’s investment objective is to generate both current income and capital appreciation, primarily through investments in privately negotiated debt and equity securities of middle market companies. The

Company is a direct lender targeting private debt transactions ranging in size from \$10 to \$50 million to borrowers principally located in North America. The Company's investment activities are managed by its investment adviser, MCC Advisors LLC, which is an investment adviser registered under the Investment Advisers Act of 1940, as amended.

FORWARD-LOOKING STATEMENTS

Statements included herein may contain "forward-looking statements". Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

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